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¶1. (U) Summary. The 23rd U.S.-Portugal Bilateral Commission examined the state of the bilateral relationship. Portugal will not remove its battalion in Kosovo, supports NATO membership for three MAP countries, and will present its action plan for the Community of Democracies in the near future. Labor issues at Lajes Air Base dominated discussions, but the Portuguese left with a better understanding of our position. The Portuguese responded positively to our proposal that the two air forces meet before Spring to discuss an airspace training area north of the Azores. End summary.

Bilateral Commission Meets

¶2. (U) The U.S.-Portugal Bilateral Commission met in Lisbon, Portugal February 21 to review the bilateral relationship and plan cooperative ventures for the coming year. The U.S. side was led by Ambassador Thomas Stephenson, who was joined by State PDAS Kurt Volker and Defense DUSD Patricia Bradshaw. The Portuguese delegation was led by MFA Political Director Ambassador Vasco Bramao Ramos, joined by Major General Vitor Fragoso, Air Force Commander for the Azores. Although the Commission is scheduled to meet twice per year, the Fall 2007 meeting was cancelled by the Portuguese due to the demands of the Portuguese presidency of the European Union during the same period.

¶3. (U) In a departure from previous iterations, both sides agreed to use the introductory session to discuss issues of global or regional importance, including Afghanistan, Kosovo, and the upcoming NATO Summit. In a second departure from previous iterations, the two sides agreed on language for a common statement, released following the meeting's closure (available on the Embassy and the MFA websites). PDAS Volker's private meetings with Ambassador Bramao Ramos and with Ministry of Defense State Secretary (Deputy Minister) Joao Mira Gomes will be reported septel.

Kosovo

¶4. (SBU) Bramao Ramos opened the discussion with the statement that Portugal's battalion in Kosovo will remain in place. He noted that while the KFOR mission had been successful up to now, the mission would be far more demanding in the near future due to the troubling political context. For that reason, he said Portugal envisaged no reduction of forces.

¶5. (SBU) According to Bramao Ramos, the strenuous objections

of Serbia and Russia exacerbated the already difficult decision many countries had with recognizing and engaging Kosovo. He continued that while the U.S. and many EU states argued that Kosovo was a sui generis case, many other governments nonetheless considered it a precedent for independence claims in other places.

¶16. (U) Ambassador Stephenson responded that, after dragging on for so long, the independence of Kosovo allowed both Kosovars and Serbs to move forward and that U.S. and EU actions should use this success as a starting point. PDAS Volker added that while Bramao Ramos's points were generally true, the recognition of Kosovo "sliced the Gordian knot" and allowed for the Balkans to move forward.

Afghanistan

¶17. (SBU) Bramao Ramos acknowledged changes in Portugal's contributions to ISAF this summer. (Note: Portugal will withdraw its company-strength Quick Reaction Force - QRF - in August 2008 and replace it with an Operational Mentoring and Liaison Team - OMLT - and a C-130. The QRF had been assigned to Kabul district but, operating essentially without caveats, had been repeatedly deployed to the volatile south. End note.) Bramao Ramos worried that certain sectors of the Afghan government had an unwelcome attitude towards partners from the international community, although he suggested this attitude might be attributable to internal political issues.

¶18. (U) Each of the delegation leaders noted both the successes in Afghanistan thus far and the need for the Afghans to take greater responsibility for their country. In this light, Ambassador Stephenson stressed the U.S. gratitude for Portugal's contribution of an OMLT and hope for additional Portuguese OMLTs.

NATO Summit

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¶19. (SBU) Discussion of the upcoming summit centered on NATO expansion. Bramao Ramos related his government's support for membership invitations for Albania, Macedonia, and Croatia. He noted, however, that NATO should tread carefully with the Membership Action Plan (MAP) for Ukraine and Georgia. These two nations, he posited, should be kept on the current track, but with no invitation to start MAP now as they would "import problems and export instability."

¶10. (SBU) PDAS Volker responded that the U.S. supports three nations in the MAP, based on their performance under such criteria as defense reform, domestic administration, and formalized economies. He cautioned that the Macedonian name dispute continues to be a problem for Greece and hoped that the two countries would address it immediately, as a Greek veto could trigger a downward spiral with Macedonia. Regarding Ukraine and Georgia, PDAS Volker noted that MAP does not equal membership but could help encourage their governments to take steps necessary for deeper engagement with the west.

Community of Democracies

¶11. (U) Ambassador Stephenson praised Portugal's presidency of the EU as an example of strong leadership and hoped that Portugal would put the same effort toward its recently-assumed chairmanship of the Community of Democracies (CD). Bramao Ramos responded that Portugal was serious about this institution and that MFA State Secretary (Deputy Minister) Joao Cravinho would take direct responsibility for Portugal's leadership. An action plan, said Bramao Ramos, would be shared with us soon.

Labor Issues at Lajes Air Base

¶12. (U) Ambassador Bramao Ramos noted that the level of

annual pay increases for the U.S. Air Force's Portuguese civilian employees at Lajes Air Base has been a bilateral irritant for several years. DUSD Bradshaw explained that the USAF conducts a salary survey in the Azores to identify relevant data to define salary increases, but U.S. law mandates that salary increases cannot exceed the higher of either the U.S. civilian pay increase or the host government civilian pay increase. In tracing the history of the Lajes Labor Agreement, DUSD Bradshaw demonstrated that the U.S. salary increase cap was known to all participants in the negotiations and that the resultant Work Regulations specifically note that "Wage proposals shall be developed in conformity with appropriate DOD manuals." For this reason, DUSD Bradshaw stressed that the USAF is and has been in compliance with the agreement, but that workers were free to pursue their claims in court.

¶13. (U) Regional Government of the Azores (RGA) representative Andre Bradford took issue with DUSD Bradshaw's explanation, stressing that the RGA's interpretation "is different." Both sides agreed to disagree and, while there was no formal agreement to do so, leadership of both delegations noted the need for the Labor Committee to consider amending the Work Regulations to remove the salary survey altogether. In his opening statement, Ambassador Stephenson noted that the U.S. is contractually bound to its course of action and that opening the Labor Agreement entailed some risk to the Portuguese workers as many of their existing benefits may be brought into negotiations.

Additional Missions for Lajes

¶14. (U) Ambassador Stephenson noted that the missions of the U.S. armed forces in the Azores had always evolved and that it is important to continue consideration of new missions to take advantage of the infrastructure in place and to guarantee the long-term viability of a USG presence at Lajes.

Ambassador Stephenson noted that recent informal discussions regarding the possible establishment of a training airspace north of the Azores had received surprisingly frequent news coverage and proposed that the two air forces meet before Spring to discuss the merits of such a training space. Any formal proposal to create such an activity, he stressed, would best come from the Portuguese. Bramaio Ramos agreed and noted that he would report to his government the proposal to have the two air forces meet.

Military Cooperation

¶15. (U) Portuguese military planners reviewed cooperative ventures since the last meeting, noting revisions in pilot training needs and several specific military training requests. They also reiterated a desire to have defense

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policy staffs meet on a regular basis. (Note: This request stems from the last Bilateral Commission meeting; such meetings will be incorporated into the Bilateral Commission structure. U.S. defense policy officials were unavailable to attend this meeting due to the short advance warning given for the dates. We envision including such discussions at the Fall 2008 meeting. End note.)

¶16. (U) CDR Bradfield, Chief of the ODC, provided updates on the current state of International Military Education and Training (IMET) program and of the maritime training initiative that Portugal requested at the last Bilateral Commission meeting. The training initiative, CDR Bradfield noted, is in jeopardy as it is unclear that Portugal will invite Lusophone African navies to participate as originally agreed. CDR Bradfield noted the U.S. needs a final answer from Portugal no later than the end of March 2008.

¶17. (U) Col. Briggs, the 65th Air Base Wing Commander at Lajes, introduced the need for the Lajes Air Field runway to be resurfaced. The runway, he noted, is critical for the

economy of the island and is principally used by civilian traffic. As the Agreement on Cooperation and Defense (ACD) stipulates that such infrastructure costs are to be shared, Col. Briggs recommended that the Technical Committee discuss funding sources and timelines. The Portuguese delegation agreed to refer the issue to the Technical Committee and Bradford noted the RGA understands the urgency and would engage commensurate with the RGA's means.

Azorean Cooperation; Science and Technology

¶18. (U) Col. Briggs presented the annual Economic Impact Analysis that demonstrated that the U.S. military presence at Lajes had a total impact on the Azorean economy of \$113 million in FY2007. The two delegations submitted status reports on other infrastructure, public diplomacy, and economic development projects. The report of the recently concluded meeting of the Science and Technology Committee will be reported septel.

Comment

¶19. (U) The new approach to the Bilateral Commission -- based on a plan we developed after the last meeting in 2007 -- was useful, allowing for a greater exchange of ideas. We hope to implement the rest of our reform plan for the Bilateral Commission in the Fall 2008 meetings in Washington, where we hope to minimize discussion of past accomplishments and use the forum to plan future engagement. The Lajes labor discussions dominated the meeting. While the issue will continue to simmer in the near term, the greater understanding the Portuguese now have of our legally-mandated position should minimize the level of rhetoric.

¶20. (U) PDAS Volker did not have the opportunity to clear on this cable.
Stephenson